SASKATCHEWAN SNOWMOBILE FUND

FINANCIAL STATEMENTS

For the Year Ended March 31, 2017

PROVINCIAL AUDITOR
of Saskatchewan

INDEPENDENT AUDITOR'S REPORT

To: The Members of the Legislative Assembly of Saskatchewan

I have audited the accompanying financial statements of Saskatchewan Snowmobile Fund, which comprise the statement of financial positon as at March 31, 2017, the statement of operations and accumulated surplus, and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards for Treasury Board's approval, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Saskatchewan Snowmobile Fund as at March 31, 2017, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Judy Ferguson

Regina, Saskatchewan
June 19, 2017

Judy Ferguson, FCPA, FCA
Provincial Auditor

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Saskatchewan Snowmobile Fund
STATEMENT OF FINANCIAL POSITION

STATEMENT 1

As at March 31

	2017	2016
FINANCIAL ASSETS		
Cash	$ 5,585	$ 9,466
Accounts receivable (Note 7)	55,428	65,030
Investments (Note 4)	1,301,795	1,110,738
GST receivable	2,017	1,474
	$ 1,364,825	$ 1,186,708
LIABILITIES		
Due to Saskatchewan Snowmobile Association Inc.	$ 132	$ 71
Accounts payable	3,852	18,836
	3,984	18,907
Net Financial Assets	$ 1,360,841	$ 1,167,801
Accumulated Surplus (Statement 2) (Note 8)	$ 1,360,841	$ 1,167,801

Contractual Obligations (Note 9)

(See accompanying notes to the financial statements)

Saskatchewan Snowmobile Fund **STATEMENT 2**
STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

Year Ended March 31

	2017		2016
	Budget (Note 5)	Actual	Actual
REVENUES			
Transfer from General Revenue Fund – Ministry of Parks, Culture and Sport (Note 1):			
Trail Funding	$1,736,225	$1,409,848	$1,282,298
Disaster Recovery Grant Program Funding	140,775	114,232	75,052
Interest and other revenue	2,000	1,520	1,407
Total Revenues	1,879,000	1,525,600	1,358,757
EXPENSES			
Trail funding to clubs	1,181,840	993,556	1,117,160
Disaster Recovery Grant Program	-	56,798	-
Liability insurance	28,500	28,375	29,322
Administration	152,625	151,543	148,351
Travel and meetings	13,000	10,230	13,048
Marketing and promotion	43,460	49,018	46,388
Safety expenses	50,575	43,040	58,634
Total Expenses (Note 6)	1,470,000	1,332,560	1,412,903
Operating Surplus (Deficit) for the year	$409,000	193,040	(54,146)
Accumulated Surplus, beginning of year		1,167,801	1,221,947
Accumulated Surplus, end of year – to Statement 1		$1,360,841	$ 1,167,801

(See accompanying notes to the financial statements)

Saskatchewan Snowmobile Fund
STATEMENT OF CASH FLOWS

STATEMENT 3

Year Ended March 31

	2017	2016
Cash flows from (used in) operating activities:		
Receipts from General Revenue Fund – Ministry of Parks, Culture and Sport:		
Trail Funding	$ 1,422,178	$ 1,277,348
Disaster Recovery Grant Program Funding	114,232	75,052
Receipts of interest and other revenue	1,520	1,407
Payments to suppliers	(272,460)	(285,255)
Payments for travel and meetings	(10,230)	(13,048)
GST refund received	2,996	1,920
Transfers to clubs for trail funding	(1,014,261)	(1,110,965)
Transfers to clubs for Disaster Recovery Grant Program	(56,798)	-
	187,177	(53,541)
Cash flows from (used in) investing activities:		
Purchase of investments	(1,317,020)	(1,103,407)
Sale of investments	1,125,962	1,161,160
	(191,058)	57,753
Net (decrease) increase in cash	(3,881)	4,212
Cash, beginning of year	9,466	5,254
Cash, end of year	$ 5,585	$ 9,466

(See accompanying notes to the financial statements)

SASKATCHEWAN SNOWMOBILE FUND
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2017

1. Legislative authority

The Saskatchewan Snowmobile Fund (Fund) was established pursuant to section 20.7 of *The Snowmobile Act*. The Fund's purpose is to provide funding for designation, supervision, construction, maintenance, administration, control and operation of designated snowmobile trails. The Minister responsible for *The Snowmobile Act* appointed the Saskatchewan Snowmobile Association Inc. to administer the Fund as trail manager. The trail manager is responsible for establishing the trail funding allocation criteria for the distribution of the money in the Fund to the snowmobile clubs who maintain the trails.

Pursuant to an agreement with the Ministry of Parks, Culture and Sport, the Ministry is committed to provide yearly grants to the Fund. This agreement is in effect until March 31, 2018. The grant is determined on the number of snowmobile registrations in the province multiplied by the permit fee described in *The Snowmobile Regulations, 1998*.

The Disaster Recovery Grant Program was established in the agreement with the Ministry of Parks, Culture and Sport signed November 21, 2014. The purpose of the Disaster Recovery Grant Program is to assist eligible clubs with emergency costs that arise due to circumstances beyond their control, such as extreme weather, fires and floods. One time funding support will be considered so that the club can continue to meet the minimum quality and safety standards expected for designated provincial snowmobile trails.

2. Significant accounting policies

These financial statements are prepared in accordance with Canadian public sector accounting standards. A Statement of Changes in Net Financial Assets has not been prepared as the information is readily apparent from the financial statements. These statements do not include a Statement of Remeasurement Gains or Losses as the Fund has no activities that give rise to remeasurement gains or losses. As a result, the accumulated surplus is the same as its accumulated operating surplus. The following accounting principles are considered significant:

a) Tangible capital assets

Individual capital assets costing more than $500 are capitalized.

b) Investments

Investments are recorded at cost.

c) Trail funding to snowmobile clubs

Trail funding to clubs is recorded as an expense when funding requests have been approved by the Board of Directors of the Saskatchewan Snowmobile Association Inc. and the clubs have met the eligibility criteria.

d) Disaster Recovery Grant Program

Disaster Recovery Grant Program payments are recorded as an expense when grant requests have been approved by the Board of Directors of the Saskatchewan Snowmobile Association Inc. and the clubs have met the eligibility criteria.

e) Revenue

Trail permit revenue is recognized as other revenue when the permit is issued.

Transfer from the General Revenue Fund – Ministry of Parks, Culture and Sport is recognized based on the annual snowmobile registration fees collected by Saskatchewan Government Insurance and remitted to the General Revenue Fund. The transfer is allocated to Trail Funding and Disaster Recovery Grant Program funding as set out in the Fund's agreement with the Ministry of Parks, Culture and Sport.

f) Use of estimates

These statements are prepared in conformity with Canadian public sector accounting standards. These standards require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates. Differences are reflected in current operations when identified.

3. Financial instruments

The Fund's financial instruments include cash, accounts receivable, investments, accounts payable, GST receivable, and due to Saskatchewan Snowmobile Association Inc. Information about the fair value of investments is disclosed in Note 4. The fair value of the other instruments approximates their carrying value due to their immediate or short-term nature.

The nature of the Fund's operations results in a statement of financial position that consists primarily of financial instruments. The risks that arise are credit risk and liquidity risk.

Credit risk arises from accounts receivable and investments. Credit risk from the potential non-payment of accounts receivable is minimal because almost all of the Funds' receivable is from the General Revenue Fund – Ministry of Parks, Culture, and Sport. Credit risk from investments is limited as the Fund only holds units in a pooled fund consisting of high quality, short-term debt securities.

Liquidity risk is the risk that the Fund cannot meet its financial obligations as they are due. All of the Fund's financial obligations are due within one year. The Fund has sufficient cash and highly liquid investments available to meet its obligations.

4. Investments

The Fund holds units in the RBC Canadian T-Bill Fund, which invests in high quality, short-term debt securities such as treasury bills. The RBC Canadian T-Bill Fund has no fixed interest rate and its returns are based on the success of the fund manager. The fair value of investments approximates their carrying value due to their short-term nature.

5. Budget

The budget presented in the financial statements was approved by the Board of Directors of the Saskatchewan Snowmobile Association Inc. on January 15, 2016.

6. Expense by Object

The Saskatchewan Snowmobile Association Inc. (SSAI) provides the Fund with administrative services. The cost for administrative services is based on the fee for services as outlined in the Memorandum of Understanding between the SSAI and the Saskatchewan Snowmobile Fund effective for the years ending March 31, 2017 to March 31, 2019.

	2017	2016
	Total	Total
Transfers for Trail Funding	$993,556	$1,117,160
Transfers for Disaster Recovery Grant Program	56,798	-
Administrative Services from SSAI	144,325	141,495
Travel and meetings	10,230	13,048
Postage	6,218	5,733
Printing	718	862
Office Supplies	128	103
Bank charges	154	158
Liability Insurance	28,375	29,322
Marketing & Promotion	49,018	47,063
Safety Expenses	43,040	57,959
	$1,332,560	$1,412,903

7. Related parties

These financial statements include transactions with related parties. The Fund is related to all Saskatchewan Crown agencies such as ministries, corporations, boards and commissions under the common control of the Government of Saskatchewan. Also, the Fund is related to non-Crown enterprises that the Government jointly controls or significantly influences.

Routine operating transactions with related parties are recorded at agreed upon rates and are settled on normal trade terms. Accounts receivable includes $52,700 (2016-$65,030) from the General Revenue Fund – Ministry of Parks, Culture and Sport. In addition, the Fund pays Saskatchewan Provincial Sales Tax to the Saskatchewan Ministry of Finance on all its taxable purchases. Taxes paid are recorded as part of the

cost of those purchases. Other transactions and amounts due to and from related parties and the terms of settlement are described separately in these financial statements and the notes thereto.

8. Designated assets

The Fund intends to pay, from the 2016-17 accumulated surplus, a transfer to clubs for trail funding in the amount of $1,133,566. This amount is subject to Board approval and will be paid in the 2017-18 year.

The 2016-17 accumulated surplus includes $173,275 held in reserve to be available as needed to support requests from the Disaster Recovery Grant Program.

9. Contractual Obligations

The Fund is obligated to pay the Saskatchewan Snowmobile Association Inc. (SSAI) for services as outlined in the Memorandum of Understanding between the SSAI and the Fund. The following fees will be paid to the SSAI: $173,725 during the 2017-18 year and $177,190 during the 2018-2019 year.

10. Comparative Figures

Certain prior year balances have been reclassified to conform with the current year's presentation.